



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

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In the Matter of Application of
CALIFORNIA WATER SERVICE
COMPANY (U-60-W), a Corporation,
For Authority to Implement a Low-Income
Ratepayers Assistance Program in Compliance
with Decision No. 03-09-021 in Application
No. 01-09-062.

A.05-10-035
(Filed October 28, 2005)

MOTION OF THE DIVISION OF RATEPAYER ADVOCATES TO WITHDRAW PROTEST

Pursuant to Rule 45 of the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure, the Division of Ratepayer Advocates ("DRA") files this motion to withdraw its December 1, 2005 protest to Application ("A.") 05-10-035 of California Water Service Company ("Cal Water") for authority to implement a Low-Income Ratepayer Assistance program to customers in Cal Water's twenty-four ratemaking districts. On June 9, 2006, Cal Water mailed an amendment to A.05-10-035. Cal Water's amended application addresses the concerns raised in DRA's December 1, 2005 protest and in subsequent meetings with Cal Water. DRA does not object to granting Cal Water the authority it seeks in its amended application and, therefore, withdraws its protest.

I. BACKGROUND AND DISCUSSION

On October 28, 2005, Cal Water filed Application ("A.") 05-10-035, seeking to establish a Low-Income Ratepayer Assistance Program ("LIRA") to provide financial

assistancess to low-income customers who receive water service in all of Cal Water's twenty-four ratemaking districts. In its application, Cal Water proposed a program that would provide a fixed \$5.00 discount to all qualifying customers regardless of the amount of the service charge, the size of the meter, or the type of service. Cal Water proposed to fund the program through a \$0.25 per month surcharge to non-qualifying customers, excluding fire protection customers and customers on the LIRA program. Cal Water requested authority to open a memorandum account to track the LIRA credits, surcharge revenues from non-qualifying customers, and unidentified incremental program costs that are not included in rates.

On December 1, 2005, DRA filed a protest to Cal Water's application. In its protest, DRA noted a number of concerns with Cal Water's proposed program:

- Cal Water proposal provided a fixed discount of \$5.00 to all eligible low-income customers rather than providing a percentage discount off of the monthly service charge. Because Cal Water's proposal applies to all twenty-four of its districts, low-income customers in Cal Water's higher rate districts will receive a smaller discount than low-income customers in Cal Water's lower rate districts (when compared to their total bill). It is likely that low-income customers in Cal Water's higher rate districts need greater relief and that a proposal that reduces the monthly service charge by a fixed percentage may be more appropriate.
- Low income programs for other industries are usually funded through a volumetric surcharge and not through a fixed surcharge as proposed by Cal Water. It may be more equitable to tie the surcharge to overall consumption level whereby higher water users pay a higher surcharge.
- Cal Water's proposal requires customers seeking to qualify for the program to provide a copy of a utility bill showing participation in the California Alternative Rates for Energy ("CARE") program for electric or gas utility service to qualify for Cal Water's LIRA program. (A.05-10-035, Exhibit

C.) Such a requirement would exclude from the program customers that may have just moved to the area or just recently fell below the required income level. Cal Water has not provided an alternative means of income verification for these households.

- The Commission's Water Action Plan estimates that 31.1 percent of Cal Water's customers are at or below 175 percent of the Federal poverty level, yet Cal Water estimates that only 5 percent of its customers will participate in the program. Given that the Commission recently increased the CARE eligibility level to at or below 200 percent of the Federal poverty level, the number of eligible low-income customers could be higher than estimated.
- Cal Water's application does not explain why it excludes qualifying low-income sub metered mobile home park residents from its program.

Administrative Law Judge ("ALJ") Koss held a prehearing conference ("PHC") on January 17, 2006. At the PHC the Cal Water and DRA agreed to meet to discuss DRA's concerns. On January 30, 2006, Latino Issues Forum filed a petition to intervene.

Since the pre-hearing conference DRA, Cal Water, and Latino Issues Forum met a number of times to discuss concerns regarding Cal Water's LIRA proposal. As a result of concerns raised by DRA in its protest and raised by DRA and Latino Issues Forum during the meetings, Cal Water filed an amendment to its application dated June 9, 2006. Cal Water's amended application addresses the concerns raised in DRA's protest and discussed in subsequent meetings. Among other things, Cal Water amended application changes its proposed LIRA program to:

- offer qualifying low income customers a percentage discount off of the service charge rather than a fixed discount;
- use a volumetric surcharge rather than a fixed surcharge;
- allow customers that are not part of the CARE program to participate in the LIRA program;

- provide a discount to qualifying nonprofit group living facilities, agricultural employee housing facilities, and Migrant Farm Worker Housing Centers;
- establish reporting requirements for monitoring the program; and
- establish notice requirements to help educate customers about the program.

Cal Water's amended application also now explains why it is not offering its LIRA program to sub-metered customers. As Cal Water explains, there is currently no way to enforce the pass through of the LIRA discount from the master-meter customer to the sub-metered customers. Unlike the CARE program where Public Utilities Code § 739.5 requires the master meter customer to charge sub-metered users of the gas or electric service the same rate the user would pay if the user was receiving service directly from the gas or electrical corporation which would require the pass through of the CARE discount, there is no similar statute for water. The Commission does not have jurisdiction over the master metered customers, and without legislation similar to section 739.5 it would be difficult, if not impossible, for the Commission to enforce a requirement that master meter customers pass the LIRA discount on to sub-metered tenants.

Cal Water's amended application addresses the concerns DRA raised in its protest and in subsequent meetings with Cal Water. With the reporting and review requirements contained in the amended application, DRA can monitor the program to assure that it is providing needed assistance to Cal Water's low income ratepayers without inappropriately burdening Cal Water's other ratepayers.

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IV. CONCLUSION

Cal Am's amended application addresses the concerns raised by DRA in its December 1, 2005 protest. DRA does not object to granting Cal Water the authority it seeks in its amended application. Therefore, DRA withdraws its protest.

Respectfully submitted,

/s/ Monica McCrary

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June 13, 2006

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing document
“**MOTION OF THE DIVISION OF RATEPAYER ADVOCATES TO
WITHDRAW PROTEST**” in **A.05-10-035**.

A copy was served as follows:

[**X**] **BY E-MAIL**: I sent a true copy via e-mail to all known parties of record
who have provided e-mail addresses.

[] **BY MAIL**: I sent a true copy via first-class mail to all known parties of
record.

Executed in San Francisco, California, on the **13th** day of **June, 2006**.

/s/ Martha Perez

Martha Perez

N O T I C E

Parties should notify the Process Office, Public Utilities
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